

The Facts About

The Executive Order "Proper Consideration of Small Entities in Agency Rulemaking"

- On March 19, 2002, the President announced his Small Business Plan, which included a section on "Tearing down the regulatory barriers to job creation for small businesses and give small business owners a voice in the complex and confusing federal regulatory process." *President's Small Business Plan, Sub-category of Strengthening the SBA Office of Advocacy.* www.whitehouse.gov/infocus/smallbusiness/
- The Regulatory Flexibility Act has been on the books for 25 years -- it was amended recently (1996) by the Small Business Regulatory Enforcement Fairness Act). These laws require agencies to consider their impact on small business before they regulate. The Small Business Administration's Office of Advocacy is charged with enforcing these laws.
- The President, when referring to the laws that are on the books designed to ease the regulatory burden on small business, said, "From this day forward, they [regulators] will care that the law is on the books." The President also said, "... oftentimes [sic] the regulators don't care that the law is on the books." *Speech before the Women's Entrepreneurship Conference in Washington, DC March 19, 2002.*
- According to studies done by SBA's Office of Advocacy, small firms with fewer than 20 employees spend about double the amount on regulatory compliance per employee compared to their larger-business counterparts (over 500 employees). The cost per employee for these mom & pop businesses is close to \$7,000 per employee -- just to comply with federal regulations.
- The Executive Order, signed August 13, 2002, entitled "Proper Consideration of Small Entities in Agency Rulemaking," accomplishes the following:
 - ◆ Agencies will establish policies on how to measure their impact on small business and will vet those procedures through the Office of Advocacy.
 - ◆ The Office of Advocacy will train agencies on how to properly account for small business impact when agencies draft regulations.
 - ◆ Agencies will submit proposed rules to the Office of Advocacy prior to publication (same as current practice and law) and are required to consider the office of advocacy's comments (that will reflect small business views) when the rule is finalized.
 - ◆ The Office of Advocacy will report annually on whether agencies are complying with this Executive Order.
- Under this Executive Order, the Office of Advocacy, mandated with independently representing the views of small business, will oversee the government's response to the President's charge of treating small business more fairly. This action by the President shows that he listened to small business owners at his Economic Forum in Waco, Texas and he is holding his cabinet accountable to the needs and concerns of small business.
- The Executive Order is located at <http://www.whitehouse.gov/news/releases/2002/08/20020814-2.html>